Unit 6 (195 MW) (estimated cost Rs.635 crore) received in CEA in 6/2001, is under examination for accord of Techno-economic Clearance (TEC). The project was considered in the TEC meeting held on 15.1.2002. The pending input for the project is coal linkage by the Standing Linkage Committee in the Ministry of Coal.

Reducing the consumer rates of power

†2593. SHRI RAJIV RANJAN SINGH 'LALAN':

SHRI RAM JETHMALANI:

Will the Minister of POWER be pleased to state:

(a) whether Government have formulated an action-plan under the programmes of power sector reforms at national level to reduce the consumer-rates of power in the past years;

(b) if so, the outlines of this action-plan; and

(c) the places in the country where this plan has been implemented together with the results achieved?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) to (c) The ultimate objective of power sector reforms is to ensure availability of quality supply of electricity to consumers at affordable rates. Electricity being a concurrent subject, the Government of India has taken the lead in initiating the reforms process in the country. In order to build consensus on the need for reforms, the Government of India has organized conferences of Chief Ministers/Power Ministers at regular intervals. In the conference of Chief Ministers/Power Ministers held in March, 2001, it was agreed that there is urgent need to depoliticise power sector reforms and speed up the implementation. The resolution adopted in the conference is given in the Statement (See below). The copy of the resolution has been circulated for all State Governments for implementation.

Twenty One States *viz.*, Andhra Pradesh, Assam, Bihar, Madhya

†Original notice of the Question was received in Hindi.

Pradesh, Chhattisgarh, Gujarat, Goa, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Maharashtra, Orissa, Punjab, Rajasthan, Uttaranchal, Uttar Pradesh, West Bengal, Tamil Nadu and Jammu and Kashmir have signed Memorandum of Understanding (MOUs) with the Government of India for undertaking power sector reforms in a time bound manner. In the MOUs, the concerned States have committed to achieve milestones in reforming power sector. The milestones include setting up of the State Electricity Regulatory Commission, metering of all 11 KV feeders, 100% metering of consumers, energy audit, reduction of technical and commercial losses, achievement of commercial viability in distribution etc. Government of India has committed its suport through additional allocation of power from Central Generating Stations, assistance to develop transmission system, financial assistance through various programmes for strengthening of sub-transmission and distribution as well as for renovation and modernization of thermal and hydel power plants.

Statement

Resolutions of the Chief Ministers/Power Ministers Conference on 3rd March, 2001

I. The Chief Ministers/Power Ministers took note of the challenges confronting the Power Sector. It was agreed that there is urgent need to dcpoliticise power sector reforms and speed up their implementation. For this purpose, an all-party consensus needs to be created. The Prime Minister is requested to convene all-party meetings including leaders of opposition in State Assemblies.

II. The following Resolutions were adopted:

A. COMPLETING ELECTRIFICATION OF ALL VILLAGES AND HOUSEHOLDS

(i) Rural Electrification may be treated as a Basic Minimum Service under the Prime Minister's Gramodaya Yojana;

(ii) Rural Electrification may be completed by the end of the 10th Plan *i.e.* by year 2007;

(iii) Full coverage of all households may be targeted for the end of the 11th Plan *i.e.* by year 2012.

(iv) For the attainment of full electrification. States may be given flexibility for using funds under Rural Development Programmes with the consent of the Village/Block Panchayats for undertaking the task of electrification where it is required.

(v) It was agreed that electrification of remote villages in the States would need a special mode of financing including an element of grant.

B. DISTRIBUTION REFORMS

The real problem of management and the challenge of reforms lies in the distribution sector.

(i) Energy audit at all 11 KV feeders must be made effective within the next 6 months and accountability fixed at the local level.

(ii) An effective Management Information System for this purpose. needs to be made operational.

(iii) On the basis of the above, an effective program needs to be launched for identifying and eliminating power thefts in the next 2 years.

(iv) Full metering of all consumers had been targeted for completion by December 2001. Special efforts should be made to complete the programme.

(v) The quality of power supplied especially in rural areas needs to be improved through the APDP and other programmes quickly;

(vi) Commercial viability has to be achieved in distribution in 2-3 years through any or all of the following.

—Creating Profit centres with full accountability.

—Handing over of local distribution to Panchayats/Local Bodies/Franchisees/Users Associations, wherever necessary.

—Privatisation of distribution.

—Or any other means.

(vii) Efforts by States, if necessary, at inviting private investment in the power sector need to be focusscd towards the distribution sector.

(viii) Current operations on distribution would need to reach break even in two years and achieve positive returns thereafter.

C. TARIFF DETERMINATION BY REGULATORY COMMISSIONS AND SUBSIDIES

(i) State Electricity Regulatory Commissions may be made functional in the next six months and tariff filings made. Tariff orders issued by Central Electricity Regulatory Commission and State Electricity Regulatory Commissions need to be implemented fully unless stayed or set aside by Court order. It is necessary to move away from the regime of providing free power.

(ii) Subsidies may be given only to the extent of State Government's capacity to pay the subsidies explicitly through budget provisions.

(iii) The past decision of CMs of a minimum agricultural tariff of 50 paise may be implemented immediately(*).

D. GENERATION

(i) Special efforts need to be made to increase the PLF of existing plants through Renovation and Modernisation.

(*) Punjab and Tamil Nadu did not agiee.

(ii) In the short run, there is no alternative to increase in public sector investment in generation, as large-scale private investment in generation would flow only after reforms succeed in restoring financial viability. The Centre and the States need to take suitable decisions regarding increase in outlays for the 10th Plan. Priority should be given for investments at those locations which produce the cheapest power specially for hydro projects and pit head thermal generation. CEA has estimated the requirement for an additional 100,000 MW of generating capacity by 2012.

(iii) Where the States and Financial Institutions arc in agreement about the need for development of IPPs, they need to work together to achieve financial closure at the earliest. The Centre would facilitate the finalisation of reforms based multi-partite agreements.

(iv) The evolution of a National Grid for intcr-rcgional transfer of power needs to be taken up on priority.

(v) Some provisions of the Forest Conservation Act may require to be revised for expeditious completion of power and other projects.

E. ENERGY CONSERVATION AND DEMAND SIDE MANAGEMENT

An effective program in the field of demand side management through — energy efficient bulbs, tube lights and agricultural pumpsets,

— time of the day metering and differential tariff for peak and off peak hours needs to be implemented with suitable mass awareness and extension efforts.

F. SUPPORT FROM GOVERNMENT OF INDIA

(i) The Government of India would support the States in their reform efforts. This support would be linked to time bound power reform initiatives in the States and achievement of definite milestones towards restoration of financial viability.

(ii) Interest rates of PFC and REC should be brought down to reflect market conditions.

(iii) An Expert Group would be set up to recommend one time settlement of all power sector past dues to CPSUs and dues from CPSUs to State Power Utilities. This would be linked to implementation of reforms with time bound milestones. The Group will give its report within three weeks of its constitution.

G. SUPPLY FROM CENTRAL GENERATING STATIONS

Continued supply of power from Central Generating Stations would have to be linked to demonstration of capacity to make payments for current purchases and sccuritisation of past dues.

H. HIGH LEVEL EMPOWERED GROUP

A High Level Empowered Group comprising of Minister of Power and Chief Ministers of some States may be set up to coordinate, monitor and review the implementation of Reforms.

Request by Delhi Government to NTPC to erect its own Power Station

2594. SHRI K. RAHMAN KHAN: Will the Minister of POWER be pleased to state:

(a) whether Delhi Government has requested the NTPC to erect its own power stations in place of unserviceable Indraprastha Power Station;

(b) whether NTPC has prepared any feasibility report thereon; and

(c) if so, the details thereof and by when NTPC will be able to erect its own power house at the site?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) to (c) No, Sir. However, NTPC has received a consultancy assignment from Delhi Vidyut Board to carry out a comprehensive study of IP station for